

Message Text

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PAGE 01 STATE 181642 TOSEC 080241

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 181642 TOSEC 080241

NODIS

FOLLOWING REPEAT JIDDA 5371 ACTION SECSTATE 31 JUL 75

QUOTE

S E C R E T JIDDA 5371

NODIS

E.O. 11652: GDS

TAGS: ENRG, SA

SUBJECT: MESSAGE FOR MINISTER YAMANI

REF: A. STATE 175796; B. TEHRAN 6252

SUMMARY: UNDERSECRETARY'S LETTER PRESENTED TO MINPET
YAMANI JULY 30. YAMANI CONTINUES TO INSIST ON CREATION
OF A FOURTH COMMITTEE ON MONETARY AND FINANCIAL MATTERS
AS PRECONDITION TO RECONVENING OF PREPCON. HE SAYS FAILURE OF A
NEW PREPCON WOULD BE MOST UNDESIREABLE, AND FOR THIS
REASON WOULD WISH ADVANCE AGREEMENT ALSO ON NUMBER OF COMMISSIONS,
THEIR MEMBERSHIP, HOW MEMBERS ARE SELECTED, THE FUNCTIONS OF
SECRETARIAT, AND MEANS OF INTER-COMMITTEE COORDINATION. HE WILL
COORDINATE WITH THE FOUR, OR PERHAPS THE SEVEN LDC/OPEC PREPCON
REPRESENTATIVES ABOUT
SUBJECT OF UNDERSECRETARY'S LETTER AND WILL GIVE US A REPLY

SECRET

SECRET

PAGE 02 STATE 181642 TOSEC 080241

IN AUGUST. ALGERIA SUPPORTS HIS POSITION, AND HE BELIEVES IRAN

DOES TOO. END SUMMARY.

1. CHARGE ACCOMPANIED BY ECON COUNSELOR BIRD PRESENTED UNDERSECRETARY ROBINSON'S LETTER (REF A) TO MINISTER YAMANI IN TAIF, WEDNESDAY NIGHT, JULY 30. UPON RECEIVING LETTER, YAMANI RECALLED HAVING SPOKEN TO MR. ROBINSON ON JUNE 29 ABOUT THE NECESSITY OF A FAIRLY EARLY MEETING OF THE PREPCON. HE WONDERED IF USG WAS NOW ADDRESSING THIS MATTER? CHARGE ANSWERED POINT HAD NOT BEEN MADE SPECIFICALLY IN MR. ROBINSON'S LETTER, BUT THAT USG HAD TAKEN CAREFUL NOTE OF THE IMPORTANCE THE MINISTER HAD ATTACHED TO AN EARLY PREPCON; ACCORDINGLY IT WAS EMBASSY'S UNDERSTANDING THAT SOME THOUGHT WAS BEING GIVEN TO HOLDING THE CONFERENCE AS EARLY AS THE FIRST PART OF OCTOBER (REF B).

2. YAMANI READ THE UNDERSECRETARY'S LETTER. AFTER SOME REFLECTION, HE SAID THE FRENCH HAD TOLD MIN THAT DURING THEIR RECENT DISCUSSIONS WITH MR. ROBINSON, MR. ROBINSON HAD SAID YAMANI WAS INCLINED TO FAVOR THREE COMMISSIONS. CHARGE SAID THIS MUST REPRESENT SOME CONFUSION ON THE SIDE OF THE FRENCH, BECAUSE THE REPORTING ON THIS SUBJECT FROM MR. ROBINSON HAS BEEN CLEAR AND UNEQUIVICAL TO ALL POSTS: AFTER MEETING WITH THE MINISTER ON JUNE 29, MR. ROBINSON HAD INFORMED WASHINGTON THAT YAMANI HAD FELT A PREPCON COULD PERHAPS NOT BE HELD UNLESS A SEPARATE MONETARY AND FINANCIAL COMMISSION WERE ESTABLISHED. YAMANI APPEARED TO ACCEPT THIS EXPLANATION.

3. AS FOR THE NUMBER OF COMMISSIONS, YAMANI SAID SAUDI ARABIA WOULD COORDINATE WITH THE FOUR, OR PERHAPS THE SEVEN LDC/OPEC PREPCONERS, WE WOULD RECEIVE A REPLY PERHPAS IN AUGUST. HE HAS SPOKEN WITH THE IRANIANS, AND HAS THE CLEAR IMPRESSION THAT THEY WANT MONETARY AND FINANCIAL MATTERS TO BE DISCUSSED IN A SEPARATE COMMITTEE. HE SAID, HOWEVER, HIS FINAL PERCEPTION OF THE IRANIAN POSITION WOULD REQUIRE MORE CLARIFICATION. AS FOR ALGERIA, HE SAID THE ALGERIANS HAD TAKEN A STRONG POSITION AND WOULD NOT RPT NOT ATTEND A PREPCON IF MONETARY AND FINANCIAL AFFAIRS WERE NOT GIVEN

SECRET

SECRET

PAGE 03 STATE 181642 TOSEC 080241

SEPARATE COMMISSION STATUS. HE AFFIRMED AGAIN THE SAG WOULD NOT MODIFY ITS INSISTANCE UPON THE FOURTH COMMISSION, AND BELIEVED THAT THE OTHER OIL PRODUCERS WOULD SEE THINGS HIS WAY.

4. CHARGE ASKED IF SUCH A FIRM AND UNBENDING POSITION NEEDED TO BE TAKEN SO FAR IN ADVANCE? COULD THE ISSUE OF THE NUMBER OF COMMISSIONS

NOT BE DISCUSSED AS PART OF THE PREPCON ITSELF? YAMANI SAID IT COULD NOT. CHARGE THEN ASKED STRICTLY AS A MATTER OF PERSONAL SPECULATION WHAT WOULD THE SAG THINK OF DISCUSSING MONETARY AND FINANCIAL MATTERS CONCURRENTLY WITH THE PRINCIPAL TOPIC OF THE COMMISSIONS, I.E. ENERGY AND FINANCE, DEVELOPMENT AND FINANCE, COMMERCE AND FINANCE? YAMANI SAID THIS HAD BEEN THE FRENCH APPROACH TO THE QUESTION, BUT THAT IT WOULD NOT BE SATISFYING TO THE SAUDIS. CHARGE THEN NOTED THAT THE DESIRE TO COOPERATE HAD BEEN EVIDENT IN US POLICY STATEMENTS, IN MR. ROBINSON'S FIRST VISIT, AND NOW IN HIS LATEST LETTER TO THE MINISTER. WE BELIEVED IT WAS IMPORTANT THAT ATMOSPHERE OF HARMONY AND MUTUAL GIVE AND TAKE BE PRESERVED SO THAT PRODUCERS, CONSUMERS AND THE LDC'S COULD COOPERATE, AND NOT SIMPLY BARE THEIR TEETH AT EACH OTHER. IT WAS IMPORTANT THAT THE NEXT PREPCON SHOULD SUCCEED, AND IT WOULD THUS BE A WORTHY THING IF THE SAUDI SIDE COULD--THROUGH SOME MODIFICATION OF ITS POSITION--CONTRIBUTE TO THE CONFERENCE'S SUCCESS AS WE HAD DONE BY MODIFYING OUR OWN.

5. YAMANI AGREED THE CONFERENCE THIS TIME SHOULD NOT FAIL. IF IT DID THE RESULTS MIGHT BE UNFORTUNATE. FOR THIS REASON HE WOULD BE FIRM IN SEEKING AN ADVANCE UNDERSTANDING ABOUT THE CREATION OF A FOURTH COMMISSION. FOR THE SAME REASON, HE WOULD WANT A SATISFACTORY UNDERSTANDING TO BE REACHED ON THE FOLLOWING TOPICS BEFORE THE PREPCON CONVENED; THE NUMBER OF COMMITTEES, THE MEMBERSHIP OF COMMITTEES, HOW THE MEMBERSHIP OF EACH COMMITTEE WOULD BE SELECTED, HOW THE PREPCON'S SECRETARIAT WOULD WORK, AND HOW COORDINATION WOULD BE ACHIEVED BETWEEN THE WORK OF THE COMMITTEES. IN RESPONSE TO THE CHARGE'S QUESTION, YAMANI REPEATED
SECRET

SECRET

PAGE 04 STATE 181642 TOSEC 080241

THESE WERE ALL ITEMS THAT SHOULD BE RESOLVED BEFORE A PREPCON WAS HELD, AND NOT IN THE OPENING SESSIONS OF SUCH A CONFERENCE.

6. SPEAKING GENERALLY YAMANI SAID HE UNDERSTOOD THE USG WAS APPREHENSIVE ABOUT MOVES TO CHANGE THE BALANCE OF THE WORLD'S PRESENT MONETARY SYSTEM TO THE BENEFIT OF THE OIL PRODUCERS. HE THOUGHT THE MONETARY AND FINANCIAL POWER OF THE PRODUCERS WOULD HAVE TO BE RECOGNIZED (IN THIS CASE BY THE CREATION OF A FOURTH COMMITTEE), BUT WE COULD BE SURE THE SAG WANTED TO BE REASONABLE, AND COULD WORK WITH US ON SUCH A BASIS IF WE WERE WELL DISPOSED.

7. EARLIER ON JULY 30, DURING FAREWELL CALL BY ECON

COUNSELOR ON MINSTATE FOR FOREIGN AFFAIRS, PRINCE
SAUD BIN ABD AL-AZIZ, PRINCE SAUD VOLUNTEERED THAT
IT WAS MOST UNLIKELY SAG WOULD GIVE UP
ITS DEMANDS FOR A FOURTH COMMISSION ON MONETARY AND
FINANCIAL AFFAIRS. HE SAID THIS WAS NO MORE OF AN
IMPOSITION OR AN INTRUSION ON WESTERN INTERESTS THAN
CONFERENCE'S DISCUSSION OF ENERGY PROBLEMS WAS ON INTERESTS
OF OIL PRODUCERSGM HORAN
UNQUOTE
INGERSOLL

SECRET

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